

Message Text

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 XMB-04

OPIC-06 PA-02 PRS-01 USIA-15 AGR-10 TAR-01 L-03 H-02

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R 261745Z JUN 75

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INFO ALL EC CAPITALS 823

UNCLAS SECTION 1 OF 2 EC BRUSSELS 05789

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TAGS: ETRD, EEC, GSP

SUBJECT: COMMISSION PROPOSALS FOR THE 1976 EC GSP--"MODEST BUT
SIGNIFICANT IMPROVEMENT"

REF: A. EC BRUSSELS 1861, B. EC BRUSSELS 1096

1. SUMMARY. THE EC COMMISSION HAS PRESENTED ITS RECOMMENDATIONS FOR REVISION OF THE EC GENERALIZED SYSTEM OF PREFERENCES FOR 1976. THE PROPOSALS CALL FOR MODES IMPROVEMENTS, DIRECTED TOWARD THE POOREST COUNTRIES. A 10 PERCENT REDUCTION OF GSP DUTIES ON AGRICULTURAL PRODUCTS, AND A 15 PERCENT INCREASE IN TARIFF QUOTAS AND CEILINGS ON INDUSTRIAL PRODUCTS, (5 PERCENT ON TEXTILE PRODUCTS) ARE PROPOSED, TOGETHER WITH A NUMBER OF COMPLEMENTARY MEASURE TO PROMOTE EFFECTIVE IMPLEMENTATION OF THE SYSTEM. THE COMMISSION URGES THE COUNCIL TO TAKE SPEEDY ACTION IN APPROVING THE 1976 SYSTEM.
END SUMMARY.

2. THE EC COMMISSION, IN A COMMUNICATION TO THE COUNCIL, HAS SUBMITTED ITS PROPOSALS FOR CHANGES IN THE COMMUNITY'S
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EVOLVING GSP SCHEME. (THIS IS THE FOURTH IMPROVEMENT IN THE EC'S

SCHEME SINCE ITS INAUGURATION IN JULY 1971.) IF APPROVED BY THE COUNCIL THE CHANGES WOULD BE EFFECTIVE JANUARY 1, 1976. THE COMMISSION DESCRIBES ITS APPROACH TO THE 1976 SCHEME AS AN EFFORT TO "TRY TO ACHIEVE A MODEST, BUT SIGNIFICANT IMPROVEMENT WITH PARTICULAR EMPHASIS ON THE POOREST COUNTRIES", E.G. ASIAN SUB-CONTINENTS, HAITI, PARAGUAY. BECAUSE THE IMPROVEMENTS FOR 1976 HAVE HAD TO BE LIMITED, HOWEVER, THEY ARE CONCENTRATED ON THE EXPORTS OF THE POOREST COUNTRIES AND ON MEASURE TO ENCOURAGE BETTER UTILIZATION OF THE SYSTEM. THERE FOLLOWS A SUMMARY OF THE MAIN CHARACTERISTICS OF THE PROPOSED CHANGES FOR 1976.

3. PROCESSED AGRICULTURAL PRODUCTS (CHAPTERS 1-24 OF THE CCT): 10 PERCENT LINEAR REDUCTION OF GSP DUTIES FOR ALL AGRICULTURAL PRODUCTS SUBJECT TO THE 1975 GSP REGULATION EEC 3055/74 (EXCEPT CASTOR OIL AND INDUSTRIAL COCONUT OIL) AS WELL AS RAW "VIRGINIA FLUE-CURED" TOBACCO. THE COMMISSION DOES NOT REPEAT NOT PROPOSE TO INCLUDE ANY MAJOR NEW AGRICULTURAL PRODUCTS IN THE 1976 GSP WITH THE EXCEPTION OF A FEW PRODUCTS ORIGINATING IN THE POOREST COUNTRIES BUT NOT COMPETING WITH EC OR ACP PRODUCTION (INCLUDING TONQUIN BEANS, AQUARIUM FISH, AND CERTAIN SHRIMPS AND PRAWNS.) A 10,000 METRIC TON INCREASE IN THE TARIFF QUOTA FOR CANNED PINEAPPLE (OTHER THAN SLICED) AND THE OPENING OF 28,000 METRIC TON TARIFF QUOTA AT A GSP DUTY OF 15 PERCENT FOR CANNED PINEAPPLE IN SLICES TO BE EFFECTIVE ON ENTRY INTO FORCE OF THE EC'S COMMON POLICY ON PROCESSED FRUIT ARE ALSO PROPOSED, ALONG WITH THE OPENING OF A 36,000 METRIC TON TARIFF QUOTA FOR RAW "VIRGINIA FLUE-CURED" TOBACCO. (THE EC HAD A 30,000 TON TARIFF QUOTA FOR SUCH TOBACCO THIS YEAR.) THE COMMISSION ESTIMATES THAT THE ADDITION OF ITS PROPOSALS FOR AGRICULTURAL PRODUCTS TO THOSE ALREADY IN EFFECT WOULD REPRESENT TRADE OPPORTUNITIES FOR NON-ACP BENEFICIARIES OF 850 MILLION UNITS OF ACCOUNT (ONE UA EQUALS \$1.30), UP FROM 600 MILLION IN 1975, AND CONTITUTE A SPECIAL EFFORT IN FAVOR OF THE POOREST COUNTRIES.

4. INDUSTRIAL MANUFACTURED PRODUCTS (OTHER THAN TEXTILES, IRON AND STEEL PRODUCTS): THE COMMISSION PROPOSES A FLAT RATE 15 PERCENT INCREASE FOR ALL TARIFF QUOTAS AND CEILINGS WITH CERTAIN EXCEPTIONS (PLYWOOD--5PERCENT, EXPRESSED IN CUBIC UNCLASSIFIED

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METERS; TENNIS RACKETS--20 PERCENT; FOOT WEAR, RADIO AND TV RECEIVERS, DIODES AND TRANSISTORS--8 PERCENT). UNLIKE LAST YEAR, THE COMMISSION MAKES NO NEW PROPOSALS TO REDUCE THE LIST OF PRODUCTS SUBJECT TO TARIFF QUOTAS.

5. TEXTILE PRODUCTS: FOR JUTE AND COIR PRODUCTS THE COMMISSION NOTES THAT AGREEMENTS WITH INDIA AND BANGLADESH COVERING THESE ITEMS EXPIRE THIS YEAR AND THAT IT WILL BE SUBMITTING PROPOSALS

IN DUE COURSE FOR THEIR RENEGOTIATION. IN THE MEANTIME THE ADVANTAGES GRANTED UNDER THE 1975 GSP SCHEME SHOULD BE MAINTAINED IN 1976, AND APPLIED TO THAILAND AND SRI LANKA. CONCERNING OTHER TEXTILE PRODUCTS, THE COMMISSION PROPOSED TO EXTEND FOR 1976 THE PRESENT GSP ARRANGEMENTS FOR TEXTILES AS A WHOLE PENDING CONCLUSION OF NEGOTIATIONS UNDER THE MULTIFIBRES AGREEMENT. A FEW IMPROVEMENTS ARE SUGGESTED FOR 1976, HOWEVER, INCLUDING A UNIFORM FLAT RATE OF 5 PERCENT IN THE 1975 TARIFF QUOTAS AND CEILINGS. GUATEMALA, PARAGUAY AND HAITI WOULD BE ADDED TO THE LIST OF COUNTRIES ENJOYING PREFERENCES FOR COTTON TEXTILES. FINALLY THE COMMISSION PROPOSES TO INCLUDE DEPENDENT TERRITORIES IN THE LIST OF BENEFICIARIES UNDER THE GSP ARRANGEMENTS FOR CERTAIN TEXTILE PRODUCTS SUBJECT TO THE CEILING SYSTEM. THIS IS AIMED AT BENEFITTING HONG KONG, AND WILL INVOLVE APPROXIMATELY 2,500 METRIC TONS TRADITIONALLY IMPORTED BY THE UK.

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6. ECSC PRODUCTS (IRON AND STEEL): THE COMMISSION PROPOSES THE SAME 15 PERCENT INCREASE AS ENVISAGED FOR INDUSTRIAL PRODUCTS, OTHER THAN TEXTILES, TOGETHER WITH THE MAINTENANCE OF PRESENT PRODUCT CLASSIFICATION AND "BUTOIR" OR BUFFER (PER COUNTRY LIMIT) ARRANGEMENTS.

7. COMMUNITY RESERVE: THE COMMISSION PROPOSES TO ADD TWO PRODUCTS (TRAVEL GOODS UNDER CXT HEADINGS 42.02 A AND B) TO THE LIST OF PRODUCTS SUBJECT TO TARIFF QUOTAS IN 1975 WHICH INCLUDED A LIMITED COMMUNITY RESERVE (WHEN A MEMBER STATE EXCEEDS ITS INDIVIDUAL SHARE OF THE EC-WIDE QUOTA IT CAN DRAW ON AN UNALLOCATED RESERVE AMOUNT).

8. RULES OF ORIGIN: THE COMMISSION SAYS IT SHOULD BE POSSIBLE TO EXTEND FOR 1976 AND 1975 RULES OF ORIGIN BUT NOTES THAT THE QUESTION IS UNDER REVIEW AND RESERVES THE RIGHT TO RETURN TO IT IF NECESSARY.

9. SPECIAL MEASURES FOR THE POOREST COUNTRIES: A NUMBER OF SPECIFIC MEASURES ARE PROPOSED. TENNIS RACKET CEILINGS SHOULD BE INCREASED BY 20 PERCENT AND THE CORRESPONDING "BUTOIRS" UNCLASSIFIED

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UPPED FROM 30 TO 50 PERCENT, (PAKISTAN WOULD BE THE MAIN BENEFICIARY). BUTOIRS FOR HAND-KNOTTED CARPETS, AND CERTAIN CARPETING AND RUGS SHOULD BE RAISED FROM 20 TO 40 PERCENT--WITH INDIA AS THE MAIN BENEFICIARY.

10. BENEFICIARY COUNTRIES: THE ONLY MODIFICATION MOVES GUINEA-BISSAU TO THE INDEPENDENT COUNTRIES' LIST. THE COMMISSION MAY, HOWEVER, SUGGEST FURTHER SUCH CHANGES FOR ANOLA, MOZAMBIQUE AND CAPE VERDE LATER IN THE YEAR IF APPROPRIATE.

11. THE COMMISSION'S OVERALL ASSESSMENT OF THE PROPOSED 1976 GSP ARRANGEMENTS FOR THE INDUSTRIAL SECTOR (I.E. PARAS 4 THROUGH 10 ABOVE) PROVIDES TRADE OPPORTUNITIES OF 75,000 METRIC TONS (VALUED AT APPROXIMATELY 600 M. UA) FOR TEXTILES AND 2.65 BILLION UA FOR INDUSTRIAL PRODUCTS OTHER THAN TEXTILES. THIS 3.25 BILLION UA ESTIMATE FOR INDUSTRIAL GOODS IN 1976 COMPARES WITH 2.8 BILLION UA FOR 1975.

12. IN ADDITION TO THESE SPECIFIC MEASURES ADJUSTING THE GSP FOR 1976, THE COMMISSION ALSO INDICATES THAT IT EXPECTS TO SUBMIT SUPPLEMENTARY PROPOSALS THIS FALL CALLING FOR THE ESTABLISHMENT OF A GSP DOCUMENTATION AND INFORMATION AGENCY. THE COMMISSION ALSO POINTS OUT THAT ADDITIONAL MEASURES ARE NECESSARY FOR SUPPORTING AND ENCOURAGING UTILIZATION OF THE SCHEME, SUCH AS PUBLICATION OF A REGULARLY-UPDATED GUIDE TO THE GSP, ORGANIZATION OF SEMINARS IN BENEFICIARY COUNTRIES AND FOR BUSINESSMEN IN EUROPE, TRADE PROMOTION AND MEASURES TO ASSIST REGIONAL INTEGRATION.

13. THE COMMISSION'S PROPOSALS WILL NOW BE CONSIDERED BY THE EC COUNCIL OF MINISTERS. THE COMMISSION NOTES THE IMPORTANCE OF AN EARLY DECISION IN ORDER NOT TO HAMPER

EFFECTIVE IMPLEMENTATION OF THE REVISED SCHEME, ESPECIALLY
IN THE EARLY MONTHS OF 1976 AND URGES COUNCIL ACTION BY
OCTOBER 1975.

14. COPIES OF THE COMMISSION PROPOSAL HAVE BEEN TRANSMITTED
TO THE DEPARTMENT (ERU/RPE, MR CASEY). GREENWALD

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Message Attributes

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